



South Carolina Department of Alcohol and Other Drug Abuse Services

MARK SANFORD
Governor

W. LEE CATOE
Director

August 25, 2006

Office of State Budget
Attention: Ms. Karen Rhinehart
1201 Main Street, Suite 870
Columbia, South Carolina 29201

Dear Ms. Rhinehart:

Please find attached the fiscal year 2007-2008 (FY08) budget request of the South Carolina Department of Alcohol and Other Drug Abuse Services (DAODAS). I have enclosed 10 copies and have submitted an electronic copy by e-mail.

DAODAS is requesting new funding of \$325,000 for community-based treatment services targeting adolescents through the general fund and \$500,000 for the continuation of gambling services – as mandated by state law – from the unclaimed prize account of the South Carolina Education Lottery, Part IB, Section IAA.6, Annual Lottery Funding.

If you have any questions regarding the enclosed information, please contact Stephen L. Dutton, Executive Assistant, at 896-1142, or Lillian Roberson, Manager of the Division of Operations, at 896-1145.

Sincerely,

W. Lee Catoe
Director

WLC/sld/jmm

Enclosures

FISCAL YEAR 2007-08 BUDGET PLAN

I. EXECUTIVE SUMMARY

A. Section 12 J20 Department of Alcohol and Other Drug Abuse Services (DAODAS)

B. Statewide Mission:

“To ensure the provision of quality services to prevent or reduce the negative consequences of substance use and addictions, and to support efforts to raise personal income of South Carolinians by creating a better environment for economic growth through the more efficient delivery of state government services; improving quality of life; and helping to improve our state’s educational efforts for children.”

At the heart of this statement are the agency’s core values of respect, integrity and dedication. The department adheres to guiding principles that outline how the agency and its employees conduct business. Among others, these principles include:

- the belief that addiction is a preventable and treatable disease and that DAODAS must provide statewide leadership on all substance use and addiction issues;
- the citizen-client is the priority;
- DAODAS will work collaboratively with both the public and private systems of substance abuse providers; and
- DAODAS will collaborate more effectively with other state agencies to achieve positive outcomes for common citizen-clients.

C. Summary Description of Strategic or Long-Term Goals:

The department’s overarching strategic goal is that clients will achieve sustainable recovery, while reducing use, abuse and harm. The five-year plan for DAODAS includes the following strategic and long-term goals:

(1) To improve the effectiveness of intervention and treatment programs

Action plans include a focus on outcome-evaluation results in all program areas. Specific objectives for alcohol and other drug abuse clients have been identified in concert with the Office of the Governor. These include, but are not limited to: a) reducing use and abuse of alcohol and other drugs using evidence-based program models and b) increasing employment or involvement in productive activities.

Accountability Report: Section III – Category 2, Strategic Planning, Questions 2.1-2.6; Section III – Category 4, Measurement, Analysis, and Knowledge Management, Question 4.2: *How does the agency use data/information analysis to provide effective support for decision making throughout the organization?*; Section III – Category 7, Business Results, Question 7.1: *What are the performance levels and trends for key measures of mission accomplishment and organizational effectiveness?*

(2) (2) To improve the effectiveness of prevention programs

Action plans include a focus on developing and implementing a statewide prevention outcome-evaluation system and implementing evidence-based prevention strategies. Action plans have been developed in concert with the Office of the Governor and include decreasing tobacco sales to underage youth and increasing the use of evidence-based prevention programming.

Accountability Report: Section III – Category 2, Strategic Planning, Questions 2.1-2.6; Section III – Category 4, Measurement, Analysis, and Knowledge Management, Question 4.2: *How does the agency use data/information analysis to provide effective support for decision making throughout the organization?*; Section III – Category 7, Business Results, Question 7.5: *What are the performance levels and trends for key measures of regulatory/legal compliance and community support?*

- (3) To improve the efficiency of the service-delivery system

Action plans include a focus on client engagement and retention, program development and accountability, and strategic planning. Action plans have been developed in concert with the Office of the Governor and include decreasing use while increasing employment and increasing the percentage of students who stay in school, thereby increasing the state's educational efforts for children.

Accountability Report: Section III – Category 7, Business Results, Question 7.1: *What are the performance levels and trends for key measures of mission accomplishment and organizational effectiveness?*

- (4) To ensure that all clients/citizenry are stimulated/engaged

Action plans include a focus on culturally competent services and a partnership with other human service providers to provide services to shared clients.

Accountability Report: Section I, Executive Summary – Collaboration; Section III, Category 1 – Leadership, Question 1.2: *How do senior leaders establish and promote a focus on customers and other stakeholders?*; Section III – Category 3, Customer Focus, Questions 3.1-3.5; Section III – Category 7, Business Results, Question 7.2: *What are the performance levels and trends for the key measures of customer satisfaction?*

- (5) To collaborate more effectively with service providers, other state agencies, and stakeholders

Action plans include a focus on working with the county alcohol and drug abuse authorities that provide local services; collaborating more effectively by involving all stakeholders in the decision-making process; strengthening partnerships with other service providers; and enhancing communication with community partners, mutual client agencies, internal staff, and the General Assembly.

Accountability Report: Section III – Category 1, Leadership, Question 1.2: *How do senior leaders establish and promote a focus on customers and other stakeholders?*; Section III – Category 3, Customer Focus, Questions 3.1-3.5; Section III – Category 7, Business Results, Question 7.2: *What are the performance levels and trends for the key measures of customer satisfaction?*

- (6) To provide the necessary resources to improve the department's capacity to provide efficient and effective services

Action plans include a focus on internal organizational capabilities, traditional and alternative funding sources, performance, and web-based communications. As stated above, certain objectives have been emphasized in concert with the Office of the Governor (i.e., holding providers accountable through the contractual process, continuing departmental use of best practices, and securing alternative funding mechanisms).

Accountability Report: Section I, Executive Summary – Major Achievements; Section III – Category 3, Customer Focus, Questions 3.1-3.5; Section III, Category 4 – Management, Analysis and Information Management, Questions 4.1-4.7; Section III – Category 5, Human Resources, Questions 5.1-5.7.

Budget Plan Contribution – The budget plan and funding request contribute to each goal and action plan above by assisting the department in attaining its overarching goal of providing addiction services to the people of South Carolina, where – at any given time – more than 250,000 individuals are in need of intervention and treatment services. Alcohol and other drug abuse prevention, intervention, and treatment services contribute to the overall quality and years of healthy life of South Carolinians and ensure appropriate access to evidence-based health care throughout South Carolina. By promoting healthy lifestyles, reducing the number of preventable injuries, improving disease management, and providing access to services, the overall health of South Carolinians is protected and enhanced. The department’s budget plan also impacts savings in other areas, including lower costs for emergency room care, decreased incarceration costs, and decreased hospitalizations, particularly for adolescents suffering from abuse.

D. Operating Budget Priorities:

Summary of Operating Budget Priorities for FY 2007-08		FUNDING					FTEs			
		State Non-Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority 1	Activity: Community-Based Prevention Services (1035) and Community-Based Treatment Services (1037)	0	\$325,000	\$0	\$0	\$325,000	0	0	0	0
Strategic Goal No. (if applicable): Goal Numbers 1,2, 3, 5, 6										
Priority 2	Activity: Gambling Services (1039)	0		0	\$500,000 *Through Unclaimed Lottery Prize Account /	\$500,000	0	0	0	0.00
Strategic Goal No. Goal Numbers 1, 2, 3, 5, 6										

Summary of Operating Budget Priorities for FY 2007-08	FUNDING					FTEs			
	State Non- Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
				Section 59- 150-230 (I) - SC Lottery Law. See following Proviso Request Part IB, 1 AA.6.					
TOTAL OF ALL PRIORITIES	\$ 0	\$ 325,000	\$0	\$500,000	\$825,000	0.00	0.00	0.00	0.00

E. Agency Recurring Base Appropriation (FY06):

State	\$ 10,602,932
Federal	\$ 24,715,145
Other	\$ 1,694,000

F. Efficiency Measures:

In support of its overarching and strategic goals, DAODAS established statewide outcome measures for treatment, intervention, and prevention programs. These outcome measures, in conjunction with customer satisfaction and efficiency objectives, allow DAODAS to systematically measure the performance of the county alcohol and drug abuse authorities and to undertake appropriate programming and fiscal measures to ensure that the mission and overarching goals of the department are met.

The department maintains a focus on client outcomes and continues to emphasize the statewide client-outcome system as required by the Governmental Performance and Results Act (GPRA), which is the federal “gold standard” for outcomes. Specific client outcome data include: (1) the percent of former clients using alcohol in the past 30 days; (2) the percent of clients using alcohol to intoxication in the past 30 days; (3) the percent of clients using illegal drugs in the past 30 days; (4) the percent of former clients using tobacco in the past 30 days; (5) the percent of former clients unemployed in the past 30 days; (6) the percent of former clients with dependent living arrangements or homeless in the past 30 days; (7) the percent

of former clients using outpatient health care in the past 30 days; (8) the percent of former clients using emergency-room care in the past 30 days; (9) the percent of former clients arrested on any charge in the past 30 days; and (10) the percent of former student clients suspended in the past 30 days.

The FY05/06 analysis of the above GPRA outcomes reveals that clients receiving services at the local level are getting better, reducing their alcohol and other drug use, going back to work, and staying in school. These are the key measures of mission accomplishment and partner performance. Specifically, 80.1% of surveyed clients report no alcohol use from admission to 90 days following discharge from services, an increase of 47.6%; 95.1% of surveyed clients report no use of alcohol to the point of intoxication from admission to 90 days following discharge, an increase of 35.9%; 71.6% of clients surveyed report that they are gainfully employed from admission to 90 days following discharge, an increase of 9.4%; and 98% of students surveyed report a reduction in suspensions, expulsions, or detention from admission to 90 days following discharge, an increase of 1.9%. These statistics show that treatment works and that a positive impact is being made on the quality of life of South Carolina communities, increasing personal income and impacting the economic capacity of residents. Accountability Report Cite: Section 1, Executive Summary, Major Achievements; Section III – Category 2, Strategic Planning, Questions 2.1-2.6; Section III – Category 4, Measurement, Analysis, and Knowledge Management, Question 4.2: *How does the agency use data/information analysis to provide effective support for decision making throughout the organization?*; Section III – Category 7, Business Results, Question 7.1: *What are the performance levels and trends for key measures of mission accomplishment and organizational effectiveness?*

The following efficiency measures are based on clinical best practices as outlined by the U.S. Department of Health and Human Services, the Public Health Service, the Substance Abuse and Mental Health Services Administration, the Center for Substance Abuse Treatment, and the American Society of Addiction Medicine. These measures have been established as increasing the effectiveness of treatment and, therefore, increasing the likelihood of positive client outcomes.

To improve client engagement and retention, implementation of the following efficiency measures will continue in FY08:

- Clients will receive at least one unit of assessment within two working days of intake (Goal: 75%).
- Clients with an assessment should have at least one unit of the following specified services (detoxification day, residential day, group counseling, individual counseling, intensive outpatient, day treatment, crisis management, intensive in-home services, therapeutic child care, gambling service curriculum, and criminal justice curriculum) within six working days following the assessment (Goal: 50%).

Analysis of the trends in these efficiency measures has shown measured accomplishments in client treatment and retention since the late 1990s. These are again the key measures of mission accomplishment and partner performance. During FY05/06, 90.5% of all clients received an assessment within two days of first contact with a local service provider, and 67% received a qualifying service within six days of the assessment. Trend data show increases each year exceeding state goals.

DAODAS uses two measures to gauge customer satisfaction. The county authorities are encouraged to rate the department on its effectiveness during an annual review, but specifically on the usefulness of the review process as an important component for assisting the county authorities in the areas of strategic management, clinical quality assurance, financial compliance, and prevention services. For the past several years, provider surveys have indicated that a majority of all respondents felt the review process was beneficial to their agencies and met the needs of their staff.

The GPRA (statewide client-outcomes system) measures client satisfaction, and the department has used FY01 data to set a benchmark for client satisfaction as reported during follow-up. For FY05, 96% of all clients were satisfied with the services they received. Accountability Report Cite: Section III – Category 2, Strategic Planning, Questions 2.1-2.6; Section III – Category 4, Measurement, Analysis, and Knowledge Management, Question 4.2: *How does the agency use data/information analysis to provide effective support for decision making throughout the organization?*; Section III – Category 7, Business Results, Question 7.1: *What are the performance levels and trends for key measures of mission accomplishment and organizational effectiveness?*

In addition (and dating back to January 2003), DAODAS has taken steps to streamline its administrative operations and saved more than \$2.7 million in personnel, rent, and other operating costs (telephone/travel). The agency has continued this trend during FY06, redirecting this saving for services at the local level and keeping its internal administrative costs below 5%. Accountability Report Cite: Section III – Customer Focus, Questions 3.1-3.5; Section III, Category 4 – Management, Analysis and Information Management, Questions 4.1-4.7; Section III – Category 5, Human Resources, Questions 5.1-5.7.

In terms of collaboration efforts, the department has worked with the South Carolina Department of Mental Health (DMH) and its county alcohol and drug abuse authorities, local mental health providers, and local hospitals to continue developing plans on how best to provide treatment to people with co-occurring disorders and those who visit emergency rooms (ERs) for crisis care. The department works with DMH to study the issues of clients who suffer from substance abuse and mental health problems, with the end goal of increasing communication, sharing resources, and implementing innovative practices. Various local providers of substance abuse services throughout South Carolina are involved in addressing the ER problem. Currently, the alcohol and drug abuse system is expending \$1.5 million in state and federal resources to address the issues of co-occurring clients in South Carolina. In addition, DAODAS co-sponsored the annual joint Behavioral Health Conference, along with DMH, the Vocational Rehabilitation Department (VR), and the South Carolina Hospital Association, to provide a forum for creating links among systems. These efforts are working to stabilize the ER situation among the substance-abusing population and creating an avenue for appropriate referrals of these individuals into the provider system. Accountability Report Cite: Section I, Executive Summary – Collaboration; Section III, Category 1 – Leadership, Question 1.2: *How do senior leaders establish and promote a focus on customers and other stakeholders?*; Section III – Category 3, Customer Focus, Questions 3.1-3.5; Section III – Category 7, Business Results, Question 7.2: *What are the performance levels and trends for the key measures of customer satisfaction?*

DAODAS has spent approximately \$34.2 million on prevention, intervention, and treatment services during FY06. For every dollar spent on these services, \$7.26 in associated costs is saved. Therefore, savings to the State of South Carolina in FY06 were approximately \$248.3 million in costs to society, including costs of incarceration, drug-related crime, hospitalizations, and other societal ills. Accountability Report Cite: Section I, Executive Summary – Major Achievements; Section III – Category 3, Customer Focus, Questions 3.1-3.5; Section III, Category 4 – Management, Analysis and Information Management, Questions 4.1-4.7; Section III – Category 5, Human Resources, Questions 5.1-5.7.

G. Capital Requests – There are no capital requests.

Summary of Capital Budget Priorities			Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Priority No.:	Project Name:	Project No*:	0	0	0	\$ 0
Priority No.:	Project Name:	Project No*:	0	0	0	\$ 0
Priority No.:	Project Name:	Project No*:	0	0	0	\$ 0
Total of All Capital Budget Priorities:			\$ 0	\$ 0	\$ 0	\$ 0

H. Number of Proviso Changes: There are no proviso requests at this time.

I. Signature/Agency Contacts/Telephone Numbers:

W. Lee Catoe
Director

Stephen L. Dutton, Manager, Division of External Affairs and Provider Support, (803) 896-1142
Lillian Roberson, Manager, Division of Operations, (803) 896-1145
101 Executive Center Drive, Suite 215
Columbia, South Carolina 29210

FISCAL YEAR 2007-08 BUDGET PLAN

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

A. Section 12 J20 Department of Alcohol and Other Drug Abuse Services (DAODAS)

B. Priority No. 1 of 2

C. (1) Title: Chemical Dependency Community-Based Prevention and Treatment Services

- (2) Summary Description: Community-Based Prevention and Treatment Services are designed to improve the lives of individuals and families affected by substance abuse through the provision of individualized care to reduce the health and human service costs, as well as the economic cost, to our communities and state. Specific substance abuse services range from outpatient treatment, which is available in every county, to specialized treatment services, such as detoxification, adolescent inpatient treatment, and/or other residential services. Specialized services are available on a county, regional and/or statewide basis. These include specialized services for women and children that are provided through five long-term residential treatment programs and one long-term transitional housing program; services to adolescents; and services to incarcerated and paroled individuals.

Specific emphasis of this funding request focuses on infrastructure funding for adolescent services, to include purchasing adolescent prevention and treatment services across South Carolina using proven, evidence-based treatment activities; maintaining and expanding present access to treatment in communities now served; and expanding access to treatment in underserved areas of the state. During the fiscal year, the agency would be expected to serve more than 9,000 children and youth in direct treatment services (*Accountability Report, Section II – Organizational Profile, Item 1, Products and Services*), while also serving an additional 4,500 children and youth in evidence-based prevention activities, and 7,600 additional students would experience prevention programming in the school system (*2005 South Carolina KIT Annual Report*).

In addition, \$64,760 of the request will go for a currently vacant full-time equivalent position (FTE) to assist in operating an expansion of the Bridge program. The director of the Department of Juvenile Justice will use new state funding, if provided by the General Assembly, to contract with DAODAS and the local provider network to expand this successful program to 11 sites, covering an additional 15 counties.

(3) Strategic Goal/Action Plan (*if applicable*):

(a) To improve the effectiveness of treatment and intervention programs

Action plans include a focus on outcome-evaluation results for individual adolescent services and determining the appropriateness of care.

Accountability Report: Section III – Category 2, Strategic Planning, Questions 2.1-2.6; Section III – Category 4, Measurement, Analysis, and Knowledge Management, Question 4.2: *How does the agency use data/information analysis to provide effective support for decision making throughout the organization?*; Section III – Category 7, Business Results, Question 7.1: *What are the performance levels and trends for key measures of mission accomplishment and organizational effectiveness?*

(b) To improve the effectiveness of prevention programs

Action plans include a focus on developing and implementing science-based prevention strategies specific to children and adolescents and developing and implementing a statewide prevention outcome-evaluation system, while also focusing on integrating tobacco strategies into prevention programming philosophy.

Accountability Report: Section III – Category 2, Strategic Planning, Questions 2.1-2.6; Section III – Category 4, Measurement, Analysis, and Knowledge Management, Question 4.2: *How does the agency use data/information analysis to provide effective support for decision making throughout the organization?*; Section III – Category 7, Business Results, Question 7.5: *What are the performance levels and trends for key measures of regulatory/legal compliance and community support?*

(c) To improve the efficiency of the service-delivery system

Action plans include a focus on client engagement and retention and program accountability, as well as identifying gaps in services to adolescents.

Accountability Report: Section III – Category 7, Business Results, Question 7.1: *What are the performance levels and trends for key measures of mission accomplishment and organizational effectiveness?*

(d) To collaborate more effectively with service providers, other state agencies, and stakeholders

Action plans include a focus on working with the county authorities that provide local alcohol and other drug abuse services, collaborating more effectively and strengthening partnerships with other adolescent service providers, and enhancing communication/collaboration.

Accountability Report: Section III – Category 1, Leadership, Question 1.2: *How do senior leaders establish and promote a focus on customers and other stakeholders?*; Section III – Category 3, Customer Focus, Questions 3.1-3.5; Section III – Category 7, Business Results, Question 7.2: *What are the performance levels and trends for the key measures of customer satisfaction?*

(e) To provide the necessary resources to improve the department's capacity to provide efficient and effective services

Action plans include a focus on the internal organizational capabilities and traditional and alternative funding sources to address youth and adolescent needs.

Accountability Report: Section I, Executive Summary – Major Achievements; Section III – Category 3, Customer Focus, Questions 3.1-3.5; Section III, Category 4 – Management, Analysis and Information Management, Questions 4.1-4.7; Section III – Category 5, Human Resources, Questions 5.1-5.7.

D. Budget Program Number and Name: Finance & Operations (Part IA, Section 12, Numeral II)
Programs (Part IA, Section 12, Numeral V)

E. Agency Activity Number and Name: Chemical Dependency Community-Based Prevention Services (1035)
Chemical Dependency Community-Based Treatment Services (1037)
Direct Chemical Dependency Services (1038)

F. Detailed Justification for Funding

(1) Justification for Funding Increase:

- (a) Funding for this initiative will assist the department in meeting its **mission** of reducing the negative consequences of substance use and addictions, while supporting efforts to raise personal income of South Carolinians by creating a better environment for economic growth through the more efficient delivery of state government services, improving quality of life, and helping to improve our state's educational efforts for children. Additionally, funding for evidence-based prevention services will achieved the **expected result** of preventing or reducing the misuse, use, and abuse of alcohol, tobacco, and other drugs (ATODs). The DAODAS Standard Survey is one instrument to measure performance and accountability and focuses on core measures and includes measuring 30-day alcohol use; 30-day tobacco use; 30-day marijuana use; favorable attitudes toward ATOD use; perceived risk/harm of ATOD use; perceived peer attitudes toward ATOD use; perceived parental attitudes toward ATOD use; and decision-making. Another measurement instrument will be to count the increased number of evidence-based programs being used by local providers. In regard to treatment, sustainable recovery is the expected result with the federal GPRA survey and data listed below as the identified instrument for outcomes and accountability.

As included in the FY06-07 Executive Budget, funding of evidence-based adolescent prevention and treatment to prevent or intervene in alcohol dependency early, is the low-cost alternative to more expensive services, to include inpatient substance abuse services, emergency-room admissions, or involvement with the juvenile justice or corrections systems.

Measures/Current Outcomes – During FY06, the department was able to obtain outcomes/measures for multi-session prevention education programs for youth ages 10-20. The DAODAS Standard Survey focuses on core measures and includes measuring 30-day alcohol use; 30-day tobacco use; 30-day marijuana use; favorable attitudes toward ATOD use; perceived risk/harm of ATOD use; perceived peer attitudes toward ATOD use; perceived parental attitudes toward ATOD use; and decision-making. Outcomes (**indicates significance*) for youth ages 10 to 20 included: 31.1% reduction in the number of alcohol users*; 31.6% reduction in the number of marijuana users*; 23.5% reduction in the number of cigarette users*; 11.2% improvement in perceived risk/harm of ATOD use*; and 3.2% improvement in decision-making skills*. DAODAS has increased evidence-based programming, from 54 activities in FY04 to 81 activities in FY05, and up to 145 in FY06. This increase in evidence-based prevention programming is directly related to one of the five directive goals (to increase evidence-based programming) and Goal 2 of the agency's strategic plan, to increase the effectiveness of prevention programs.

DAODAS and its local partners participated in the federally required *Youth Access to Tobacco Study* to measure reductions in South Carolina's rate of youth access. This annual study involves random, unannounced inspections of a statewide sampling of tobacco vendors to assess their compliance with the state law (§17-17-500) that prohibits retailers from selling tobacco products to minors. DAODAS continues to be successful in satisfying federal mandates. Continuing a steady decline in the rate of youth access to tobacco, the agency documented a purchase rate of 11.2% in FY05 and 10.9% in FY06. This is well below the federal requirement of 20%.

The measure for child and adolescent treatment programming is a reduction in child and adolescent use and a reduction in school-related problems. FY05 data show a marked increased in abstinence by adolescents at 90 days post-discharge. In other words, 47.5% reported use of

alcohol at admission, while only 11.4% reported use in the past 30 days at 90 days post-discharge; this is a 36.1% increase in abstinence. In addition, as a result of attending treatment, 98% of students surveyed in FY05 reported a reduction in suspensions, expulsions, or detention from admission to 90 days following discharge, an increase of 1.9%.

The department also operates a best-practice program known as The Bridge, which is a transitional program for adolescents leaving an inpatient treatment facility, juvenile justice facility, or other residential setting. Services include an array of family counseling, individual counseling, case management, and other wrap-around services, as well as attention to primary healthcare needs. The outcomes show that 81% (FY03), 84% (FY04), 88% (FY05) and 91% (FY06) of graduates remained abstinent from the use of alcohol, tobacco, and other drugs; 85% (FY03), 87% (FY04), 90% (FY05) and 92% (FY06) of graduates avoided re-admission to inpatient treatment; 85% (FY03) and 100% (FY04 and FY06) of graduates avoided re-admission to the Department of Juvenile Justice (DJJ); 85% (FY03), 87% (FY04), 93% (FY05) and 95% (FY06) of participants who received any service avoided re-admission to DJJ; 100% (FY03 – FY06) of graduates age 15 and younger remained in school or sought a GED; 70% (FY03), 80% (FY04), 84% (FY05) and 88% (FY06) of graduates age 16 and older remained in school or sought a GED; 71% (FY03), 75% (FY04), 78% (FY05) and 80% (FY06) of graduates increased life skills/work and gainful employment.

Accountability Report – Section II, Organizational Profile – Major Program Areas Chart; Section III, Category 3 – Customer Focus, Question 3.1: *How does the agency determine who its customers are and what are their key requirements?*; Section III, Category 3 – Customer Focus, Question 3.3: *How does the agency use information from customers/stakeholders to keep services or programs relevant and provide for continuous improvement?*; Section III, Category 3 – Customer Focus, Question 3.5: *How does the agency build positive relationships with customers and stakeholders? Indicate key distinctions between different customer groups.*

Collaboration – The department has worked with a number of state agencies and providers to address services to the child and adolescent population. Agencies include the South Carolina Department of Education, the Department of Juvenile Justice, and the Department of Social Services. Local providers, such as the William J. McCord Adolescent Treatment Facility (an inpatient program), and the entire statewide system have collaborated to address services for youth. DAODAS was recently awarded a federal planning grant focused on adolescents to increase collaboration with the adolescent treatment system at the state and local levels; to close gaps and to eliminate barriers that currently exist within the adolescent treatment system; to increase the use of standardized screening, assessment, referral, and follow-up protocols among both public and private providers; to standardize and improve the capacity and skills of direct-service providers; and to enhance and expand the use of evidence-based practices for adolescent substance abuse treatment. The grant is focused on systems change.

- (b) **Base funding** currently includes state funding of \$1,439,000 for alcohol and other drug abuse prevention and treatment for children and adolescents in South Carolina. This additional funding will enhance program efforts by purchasing additional evidence-based prevention programming throughout South Carolina; seeking to close gaps and eliminate existing barriers to treatment for adolescents; and enhancing the use of evidence-based practices for adolescent substance abuse treatment.

- (c) **Comparable Programs** – As stated above, the program will enhance and thus **expand** the existing state-funded program operated by DAODAS. It will complement the adolescent program at William S. Hall Psychiatric Institute (operated by the Department of Mental Health) by providing much-needed continuing care and seeding evidence-based prevention services.
- (d) **Ranking** – South Carolina ranks 46th among states for overall child well-being (Annie E. Casey Foundation, 2004). The identified risk factors coupled with the 2003 Youth Risk Behavior Survey found that, among South Carolina high school students: 40% drank alcohol within the past 30 days; 26% smoked cigarettes within the past 30 days; 22% used marijuana within the past 30 days; and 30% rode with a driver who had been drinking alcohol (South Carolina Department of Education, 2004). DAODAS further estimates that approximately 18,500 youth in the state suffer from problems related to substance abuse, yet local providers have served only half this number (2005).

With these stated statistics, adolescent prevention, intervention, and treatment services are a priority for DAODAS. In addition, through the statewide mandated county-planning process, county alcohol and drug abuse authorities have identified gaps and the need for additional services for the adolescent population. Currently, the state funds two inpatient adolescent treatment programs, one through DAODAS and the other through the Department of Mental Health. Beginning in FY07, the state, for the first time, began funding adolescent prevention and treatment services as part of the \$500,000 awarded to the department.

Governor Sanford has made improving the state's educational efforts for children part of his overall goal of increasing personal income in South Carolina. To this end, DAODAS provides a school- and community-based program to identify early use and to offer assessment and appropriate interventions. Additionally, prevention and treatment services targeting adolescents are part the department's strategic plan and included in its five stated directive goals.

Finally, South Carolina was awarded a federal grant to address adolescent services by the Substance Abuse and Mental Health Services Administration in August 2005 to increase collaboration with the adolescent treatment system at the state and local levels; to close gaps and eliminate barriers that currently exist within the adolescent treatment system; to increase the use of standardized screening, assessment, referral, and follow-up protocols among both public and private providers; to standardize and improve the capacity and skills of direct-service providers; and to enhance and expand the use of evidence-based practices for adolescent substance abuse treatment.

- (e) **Relevant Authority** – DAODAS is state-mandated by **Section 44-49-80** of the Code of Laws of South Carolina, as amended, to establish a school-based program for youth and adolescents. Other funding for child and adolescent programming comes from the federal **Substance Abuse Prevention and Treatment Block Grant (USC Section 96.125)** which requires that 20% of its allocation be expended on prevention services. More than \$7.9 million in federal funds is dedicated for services to adolescents.
- (f) **Current Resources** – The department experienced a 72% cut in its base budget from May 2001 through FY05. These cuts have been shouldered by both the state office and the county authorities, with emphasis on internal cuts at DAODAS. Although for FY06 the department was appropriated \$939,000 to continue funding for child and adolescent services, which were previously funded through a state-mandated transfer from the South Carolina Department of Education, and for FY07 the department was awarded \$500,000 of its initial \$750,000 request in new funds for evidence-based adolescent prevention and treatment services to partially fund needed services, these resources have been utilized to maintain services, with the new funding utilized to expand services to areas with the greatest need, to include funding adolescent

services that were non-existent, to address capacity issues and to fund high performance areas for replication. For FY07, the department was able to carry-forward substantially less than the 5% allowed of its total budget from FY06, and therefore use of current resources is not an option. The department has historically used this carry-forward funding to meet emergency needs, such as its move after downsizing, and to fund existing agency activities to comply with federal block grant requirements that state agencies be supported using state resources.

Using state dollars for adolescent services is the lowest-cost alternative. According to the Institute for Research, Education and Training in Addictions, for every dollar invested in addictions treatment, taxpayers save at least \$7.46 in costs to society, including the costs of incarceration, drug-related crime, hospitalizations, and other societal ills. During FY06, DAODAS spent \$34.2 million for prevention, intervention, and treatment services, thereby saving the citizens of South Carolina approximately \$248.3 million in associated costs. An additional \$325,000 will save an estimated \$2.35 million in associated costs and also help to reduce the number of adolescents accessing treatment and helping those already in treatment achieve sustainable recovery.

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					*1.00
(b) Salary		\$42,000			\$42,000
(c) Fringe Benefits		\$11,760			\$11,760
Program/Case Services		\$260,240			\$260,240
Pass-Through Funds					\$0.00
Other Operating Expenses		\$11,000			\$11,000
Total	\$0.00	\$325,000	\$0.00	\$0.00	\$325,000
<i>*Existing Vacant FTE..</i>					

(3) Base Appropriation (FY06):

State	\$ 7,776,262
Federal	\$ 24,797,302
Other	\$ 1,416,895

(4) Is this priority associated with a Capital Budget Priority? No

If so, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs: No new FTEs are requested.

(1) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Salary					\$ 0
(c) Fringe Benefits					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Salary					\$ 0
(c) Fringe Benefits					\$ 0

(3) FTEs in Program Area per FY 2007-08 Appropriation Act:

State _____

Federal _____

Other _____

Agency-wide Vacant FTEs as of July 31, 2007: _____

% Vacant _____%

H. Other Comments:

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

A. Section 12 J20 Department of Alcohol and Other Drug Abuse Services (DAODAS)

B. Priority No. 2 of 2

C. (1) Title: Gambling Addiction Prevention, Intervention, and Treatment

(2) Summary Description:

The South Carolina Education Lottery Act [**Section 59-150-230 (I)**] directs that an amount of unclaimed prize money, to be determined through appropriations each budget year, go toward funding gambling addiction services. Specifically, funding for gambling services will be used for the prevention, intervention, and treatment of problem and pathological gambling. Specifically, the products and services provided include: a) operation of a 24/7 telephone crisis-intervention and referral helpline; b) sub-contracts for the screening and treatment of problem and pathological gambling; c) no-cost training for gambling counselors employed by county alcohol and drug abuse authorities; d) a Gambling Registry of Qualified Providers; e) identifying and approving outcome instruments used at assessment, discharge, and 90-day follow-up; f) authorizing problem and pathological gambling services through a utilization-review process; g) providing field technical assistance; and h) developing and implementing a marketing plan that includes the production of print, television, and radio public service messages. Funding will be utilized to continue the program statewide, as mandated, to problem and pathological gamblers by serving up to an additional 100 identified clients, providing intervention/crisis counseling services by licensed individuals through the gambling helpline, maintaining a well-trained gambling-certified clinician base (61 registered to date), and continuing to market gambling services and provide educational campaigns.

(3) Strategic Goal/Action Plan (*if applicable*):

(a) To improve the effectiveness of treatment and intervention programs

Action plans include a focus on outcome-evaluation results for individuals receiving gambling services and determining the appropriateness of care.

Accountability Report: Section I, Executive Summary – Opportunities and Barriers; Section III – Category 3, Customer Focus, Question 3.5: *How does the agency build positive relationships with customers and stakeholders?*; Section III – Category 6, Process Management, Question 6.4: *How does the agency systemically evaluate and improve key product and service related processes?*

(b) To improve the effectiveness of prevention programs

Action plans include a focus on developing and implementing evidence-based prevention strategies specific to gambling services.

Accountability Report: Section I, Executive Summary – Opportunities and Barriers; Section III – Category II, Strategic Planning, Question 2.1: *What is the agency's strategic planning process, including key participants, and how does it related to the SWOT analysis and the opportunities and barriers?*; Section III – Category 3, Customer Focus, Question 3.5: *How does the agency build positive relationships with customers and stakeholders?*

(c) To improve the efficiency of the service-delivery system

Action plans include a focus on client engagement and retention and program accountability.

Accountability Report: Section I, Executive Summary – Opportunities and Barriers; Section III, Customer Focus, Question 3.5: *How does the agency build positive relationships with customers and stakeholders?*; Section III – Category 7, Business Results, Question 7.1: *What are the performance levels and trends for key measures of mission accomplishment and organizational effectiveness?*

- (d) To collaborate more effectively with service providers, other state agencies, and stakeholders

Action plans include a focus on working with the county authorities that provide local alcohol and other drug abuse services, collaborating more effectively and strengthening partnerships with gambling-service providers, enhancing communication, and working with the General Assembly.

Accountability Report: Section I, Executive Summary – Opportunities and Barriers; Section III, Category 3, Customer Focus, Question 3.5: *How does the agency build positive relationships with customers and stakeholders?*

- (e) To provide the necessary resources to improve the department’s capacity to provide efficient and effective services

Action plans include a focus on the internal organizational capabilities, traditional and alternative funding sources, performance, and web-based communications.

Accountability Report: Section I, Executive Summary – Opportunities and Barriers; Section III – Category II, Strategic Planning, Question 2.1: *What is the agency’s strategic planning process, including key participants, and how does it relate to the SWOT analysis and to financial risk?*; Section III – Customer Focus, Question 3.5: *How does the agency build positive relationships with customers and stakeholders?*

D. Budget Program Name and Number: Services (Part I A, Section 12, Numeral IV)

E. Agency Activity – Gambling Services (1039)

F. Detailed Justification for Funding

(1) Justification for Funding Increase:

- (a) Funding for this initiative will assist the department in meeting its **mission** of reducing the negative consequences of substance use and addictions, including gambling as required by state law, while supporting efforts to raise personal income of South Carolinians by creating a better environment for economic growth through the more efficient delivery of state government services, improving quality of life, and helping to improve our state’s educational efforts for children.

Expected Outcomes – Through identification and treatment, the expected outcomes include a reduction in the number and intensity of problem and pathological gambling behaviors; an increase in the identification and referral of problem gamblers through the 24/7 helpline; and increased awareness throughout the state of problems related to gambling as well its ties to substance abuse and addictions. The instruments utilized to gauge effectiveness and accountability are the helpline gauging referral and crisis-intervention services; the prior authorization

process gauging the referral and approval of all gambling addiction services; along with the department's extensive management information system that tracks the number of clients screened and those in treatment, plus outcomes.

Current Outcomes – Direct-intervention/crisis-counseling services were provided by licensed counselors at DAODAS to more than 244 individuals in 2004; to 372 individuals in 2005 (a 52% increase); and to date for 2006, intervention and crisis-counseling services have been provided to 167 individuals. In addition, local providers have increased the number of individuals screened and assessed and those provided curriculum services. The department's data indicate that – between January 1, 2006, and June 30, 2006 – 230 people scored a “1” or higher on the South Oaks Gambling Screen (SOGS). Also from January through June, the data show that 90 clients scored a “3” or higher on the SOGS. *(Note: Only those individuals who score a “3” or higher are referred for further evaluation. Each person has the right to refuse the SOGS. Sometimes clients are unwilling to discuss gambling when they are seeking substance abuse treatment.)* Since the program's inception and used as a state benchmark, curriculum services were provided to 12 individuals in calendar year 2004, 70 individuals in calendar year 2005, and 29 individuals, to date, for calendar year 2006. It is the agency's belief that, with increased marketing efforts, the number of individuals served will continue to rise.

Accountability Report – Gambling services are addressed in Section 1, Executive Summary – Opportunities and Barriers; Section II – Organizational Profile, Major Program Area Chart; Section III – Customer Focus; Section III – Category II, Strategic Planning, Question 2.1: *What is the agency's strategic planning process, including key participants, and how does it relate to the SWOT analysis and to financial risk?* and Question 3.5: *How does the agency build positive relationships with customers and stakeholders?*; Section III – Category 6, Process Management, Question 6.4: *How does the agency systemically evaluate and improve key product and service related processes?*; and Section III – Category 7, Business Results, Question 7.1: *What are the performance levels and trends for key measures of mission accomplishment and organizational effectiveness?*

Collaboration – The department has worked with the South Carolina Budget and Control Board, which issued a request for proposals to provide gambling addiction services and operate a gambling telephone helpline. DAODAS has also developed an advisory committee, made up of various stakeholders; to include the local provider network and lottery commission representatives, plus treatment representatives, to assist the agency in better delivering gambling services. Additionally, the department is working with local representatives of the Problem Gambling Council of South Carolina to increase Gamblers Anonymous (GA) meetings across South Carolina. This group is also part of the advisory committee.

- (b) **Base Funding** – No general base funding exists to underwrite services for problem or pathological gamblers. Funding is mandated annually through the South Carolina Education Lottery Act's unclaimed prize account. The department has only received funding as part of the FY03 Appropriations Act. Funding for gambling services began in calendar year 2004, through a grant provided by the Budget and Control Board, with options for continuation through FY08. However, funding will be depleted during FY07. New funding will allow the department to continue this mandated program for citizens addicted to problem or pathological gambling and will continue the success achieved by being one of a few states in the nation to develop and implement such services for this population.

- (c) **Comparable Programs** – The funding maintains current lottery-funded programs for problem or pathological gamblers, and will enable the department to re-establish marketing and education efforts. The state provides no other state or local funding for programs directed toward problem gambling.
- (d) **Ranking** – The General Assembly enacted the South Carolina Education Lottery Act and directed that an amount of unclaimed prize money, to be determined through appropriations each fiscal year, be utilized for the prevention and treatment of compulsive gambling and educational programs related to that disorder, to include a gambling helpline, to be further used for prevention programming and to include, in part or total, mass communications. The lottery began in January 2002, with unclaimed prize money available for distribution beginning in July 2002. However, funding for gambling services was not provided until FY03, with funding not awarded until January 2004 through a request-for-proposal (RFP) process managed by the South Carolina Budget and Control Board. In addition, DAODAS Proviso 12.3 of the FY02-06 Appropriations Acts positions DAODAS as the primary resource for services related to compulsive gambling, including direct services and the coordination of the effort with private providers and Gamblers Anonymous.

DAODAS, in partnership with South Carolina's 33 county alcohol and drug abuse authorities, administered a survey of gambling behaviors to 4,163 adults receiving alcohol or other drug treatment services in South Carolina between July 1 and October 12, 1999. Among these treatment clients, 37% reported some level of gambling during the 12 months prior to the survey, and 17% reported some level of gambling during the 30 days prior to the survey administration. Across all the adult alcohol and other drug treatment clients surveyed, 10% were either at risk for becoming problem gamblers or were already problem or pathological gamblers. Across all the adult treatment clients surveyed, 6% were currently problem or pathological gamblers. *(Note: The 17% who gambled during the past 30 days are included in the 37% who gambled during the past 12 months, and the 6% estimate of problem/pathological gamblers is included in the 10% at-risk problem/pathological estimate.)*

The prevalence of gambling problems among alcohol and other drug treatment clients was found to be greater than the estimated level of gambling problems among the general adult population. Various national studies suggest that 1% of the general adult population are problem or pathological gamblers. Additionally, according to the Problem Gambling Council of South Carolina, approximately 3% of South Carolinians over the age of 14 are either problem or pathological gamblers, or 94,800 individuals.

Male clients, African-American clients, clients in their 20s, unemployed clients, clients with cocaine problems, and clients in detoxification or intensive levels of outpatient treatment are most likely to have clinically significant gambling problems.

Based on current client caseloads, approximately 2,400 adult alcohol and other drug treatment clients statewide are problem or pathological gamblers, and an additional 1,700 clients are at significant risk for problem gambling. Because of the behavioral similarities between substance addiction and gambling addiction, DAODAS believes that it is the most appropriate agency to address any gaps in services related to pathological gambling.

The issue of maintaining funding for these services is the agency's second priority because the funding provided in January 2004 is estimated to be depleted by July 1, 2007. In addition, the funding awarded in January 2004 was contracted for one calendar year and "rolled over" through 2007, with the option to continue the "roll-over" unspent amounts through 2008, with Budget and Control Board approval. Current outcomes show that as marketing efforts expand, increases in referrals for treatment and placement for treatment services are already being

seen. Therefore, the department is requesting appropriation authority to continue and expand gambling addiction services as mandated by state law.

- (e) **Relevant Authority** – The General Assembly enacted the South Carolina Education Lottery Act and mandated that an amount of unclaimed prize money, to be determined through appropriations each budget year, be utilized for the prevention and treatment of compulsive gambling and educational programs related to that disorder, to include a gambling helpline, to be further used for prevention programming and to include, in part or total, mass communications [Section 59-150-230 (I)]. In addition, **DAODAS Proviso 12.3** of the FY07 Appropriations Act positions DAODAS as the primary resource for services related to compulsive gambling, including direct services and the coordination of the effort with private providers and Gamblers Anonymous. This is the relevant authority. The department sees funding of gambling services on par with that of funding Hope, Life and other need-based scholarships that are funded through the lottery as an automatic appropriation.
- (f) **Current Resources** – The department experienced a 72% cut in its base budget from May 2001 through FY05. These cuts have been shouldered by both the state office and the county authorities, with emphasis on internal cuts at DAODAS. Although for FY06 the department was appropriated \$939,000 to continue funding for child and adolescent services, which were previously funded through a state-mandated transfer from the South Carolina Department of Education, and for FY07 the department was awarded \$500,000 of its initial \$750,000 request in new funds for evidence-based adolescent prevention and treatment services to partially fund needed services, these resources have been utilized to maintain services, with the new funding utilized to expand services to areas with the greatest need, to include funding adolescent services that were non-existent, to address capacity issues and to fund high performance areas for replication. For FY07, the department was able to carry-forward substantially less than the 5% allowed of its total budget from FY06, and therefore use of current resources is not an option. The department has historically used this carry-forward funding to meet emergency needs, such as its move after downsizing, and to fund existing agency activities to comply with federal block grant requirements that state agencies be supported using state resources.

Using state dollars for gambling services is the lowest-cost alternative, because according to the Institute for Research, Education and Training in Addictions, for every dollar invested in addictions treatment, taxpayers save at least \$7.46 in costs to society, including the costs of incarceration, drug-related crime, hospitalizations, and other societal ills. During FY06, DAODAS spent \$34.2 million for prevention, intervention and treatment services, thereby saving the citizens of South Carolina approximately \$248.3 million in associated costs. An additional \$500,000 will save an additional \$3.6 million in associated costs.

(2) FY08 Cost Estimates

FY08 Cost Estimates	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel					
(a) Number of FTEs*		0		0	0
(b) Salary		0		\$45,350	\$45,350

(c) Fringe Benefits		0		\$1,814	\$1,814
Program/Case Services		0		\$441,836	\$441,836
Pass-Through Funds		\$ 0			\$ 0
Other Operating Expenses		0		\$11,000	\$11,000
Total	\$ 0		\$ 0	\$500,000	\$500,000
<i>* If new FTEs are needed, please complete Section F (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation ('06):

State \$ 0
Federal \$ 0
Other \$ 350,000

(4) Is this priority associated with a Capital Budget Priority? No

If so, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs – No new FTEs are requested.

(1) Justification for New FTEs

(a) Justification:

(b) (b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Salary					\$ 0
(c) Fringe Benefits					\$ 0

(3) FTEs in Program Area per FY 2007-08 Appropriation Act:

State _____

Federal _____

Other _____

Agency-wide Vacant FTEs as of July 31, 2007: _____

% Vacant _____%

H. Other Comments: None

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

I. 2% COST SAVINGS ASSESSMENT

- A. **Agency Section/Code/Name:** Section 12 / J20 / South Carolina Department of Alcohol and Other Drug Abuse Services
- B. **Agency Activity Number and Name:** Alcohol and Drug Abuse Administration (1040)
Chemical Dependency Community-Based Treatment Services (1037)
- C. **Explanation of Cost Savings Initiative:** The department experienced a 72% cut in its base budget from May 2001 through state FY05. These cuts have been shouldered by both the state office and local providers, with emphasis on internal cuts at DAODAS. Additionally, any cuts on the local level have been softened by increases in federal funding to maintain services at comparable levels. Additionally, from FY03 through FY05, DAODAS streamlined its administrative operations and saved more than \$2.7 million in personnel, rent, and other operating costs (telephone/travel/supplies). The agency continued this trend in FY06, sending this savings to local providers for prevention, intervention, and treatment services and keeping its internal administrative costs relative to its budget below 5%.

On the whole, the department has achieved required savings by reducing its administrative operations. All increases in funding gained over the past two fiscal years have gone to fund services in the field and to satisfy Medicaid earmarks directed by the South Carolina General Assembly.

As a requirement of receiving the federal Substance Abuse Prevention and Treatment (SAPT) Block Grant, states are required to fund substance abuse services and are also limited in the amount of the federal block grant that may be used for administrative operations at the state office (DAODAS). Meeting this requirement has been difficult, especially when coupled with past mandated reductions in state funding that have been borne at the state office in its administrative line.

Currently, 93% of all state funding is contracted to the local provider network, while 7% of total state funding is maintained at the state level. In order to continue to be compliant with federal requirements that states use state funding to operate state offices, and to meet the potential cost savings request of 2%, the department would have no choice but to pass 93% of the \$212,059 projected savings to its provider network, or \$197,215. DAODAS could absorb a \$14,844 reduction in state funding [Alcohol and Drug Abuse Administration (1040)] and remain in compliance with federal law. The \$197,215 potential cost savings would be pro-rated to each provider, as based on the percentage of state dollars each received. Those contractors receiving larger amounts of state funding would receive a larger share of the cost savings.

To coincide with the Governor's commitment to maintaining services in the field, providers would be instructed to take the potential reduction in their administrative operation reimbursement line of the Chemical Dependency Community-Based Treatment Services activity (1037). This is also the particular activity with the most state dollars attached. DAODAS, again, has achieved its cost savings in its administrative line over the last several years. The provider network would be instructed to reduce their administrative lines within this activity in the area of travel, technology, telephone, and general supplies.

D. Estimate of Savings:

FY 2007-08 Cost Savings Estimates:	General	Federal	Other	Total
Personnel:				
(a) Number of FTEs				0.00
(b) Personal Service				\$ 0
(c) Employer Contributions				\$ 0
Program/Case Services	\$197,215			\$197,215
Pass-Through Funds				\$ 0
Other Operating Expenses	\$14,844			\$14,844
Total	\$212,059	\$ 0	\$ 0	\$212,059

E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):

The two activities impacted include Alcohol and Drug Abuse Administration (1040) and Chemical Dependency Community-Based Treatment Services (1037). DAODAS could absorb a \$14,844 reduction in state funding [Alcohol and Drug Abuse Administration (1040)] and remain in compliance with federal law, although it would have to reduce its operating (travel, telephone, and supply lines). Again, providers would be instructed to reduce their administrative lines in the area of travel, technology, telephone, and general supplies. There is no estimated direct impact on client services. Customer impact (provider network) would be minimal.

F.

Summary of Cost Savings Initiatives for FY 2007-08:	FUNDING				FTEs			
	General	Federal	Other	Total	State	Fed.	Other	Total
Initiative Title: Internal Administration	\$14,844	0	0	\$ 14,844	0	0	0	0.00
Activity Number & Name: Alcohol and Drug Abuse Administration (1040)								
Initiative Title: External Contract Administration	\$197,215	0	0	\$ 197,215	0	0	0	0.00
Activity Number & Name: Chemical Dependency Community-Based Treatment Services (1037)								
TOTAL OF ALL INITIATIVES	\$212,059	\$ 0	\$ 0	\$212,059	0.00	0.00	0.00	0.00

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

II. PRIORITY ASSESSMENT OF AGENCY ACTIVITIES

- A. **Agency Section/Code/Name:** Section 12 / J20 / South Carolina Department of Alcohol and Other Drug Abuse Services
- B. **Agency Activity Number and Name:** Alcohol and Drug Abuse Administration (1040)
Chemical Dependency Community-Based Treatment Services (1037) / Administration
- C. **Explanation of Lowest Priority Status:**

The department deems its highest priorities to include the provision of prevention, intervention, and treatment services to the citizens of South Carolina (Activity Numbers 1035 – Chemical Dependency Community-Based Prevention Services, 1036 – Chemical Dependency Community-Based Intervention Services, 1037 – Chemical Dependency Community-Based Treatment Services, 1038 – Direct Chemical Dependency Services, and Gambling Services – 1039). All client services are imperative to the achievement of the agency’s mission. In addition, and as required by the department’s federal partner (the Substance Abuse and Mental Health Services Administration), outcomes and accountability are required under the Chemical Dependency Services Accountability (1034) line. In addition, the General Assembly and Governor Sanford expect that efficient and effective services be delivered to the citizens of South Carolina. **These areas must be of priority and cannot be eliminated.**

From May 2001 through state FY05, the department experienced a 72% cut in its base budget. These cuts have been shouldered by both the state office and local providers, with emphasis on internal cuts at DAODAS. Additionally, any cuts on the local level have been softened by increases in federal funding to maintain services at comparable levels. Also, from FY03 through FY05, DAODAS streamlined its administrative operations and saved more than \$2.7 million in personnel, rent, and other operating costs (telephone/travel/supplies). The agency continued this trend in FY06, sending this savings to local providers for prevention, intervention, and treatment services and keeping its internal administrative costs relative to its budget below 5%.

In effect, the department has already gone through a restructuring of agency priorities, including reducing administrative expenses while also, as recently as 2004, ranking its programmatic priorities. This resulted in reducing a range of funding for services deemed ineffective, to include deleting funds for the Drug Abuse Resistance Education (D.A.R.E.) program and a range of prevention programs that were not evidence-based. Conservatively, this programmatic savings of ranked priorities realized more than \$500,000 that was redirected to either evidence-based prevention or treatment activities. Taken together with the \$2.7 million operational savings, the state-mandated cuts from 2001 through FY05, and the programmatic ranking, DAODAS has successfully reprioritized its funding.

However, in meeting the request objective, the department would rank both Alcohol and Drug Abuse Administration (1040) and Chemical Dependency Community-Based Treatment Services (1037) / Administration as its lowest priorities, neither of which can totally be eliminated. These activities represent 25% of listed activities submitted on August 1, 2006, within the 2006-2007 Budget Activity Report.

As stated in the cost savings priority assessment, the agency could reduce, but not eliminate, administration under certain parameters.

As a requirement of receiving the federal SAPT Block Grant, states are required to fund substance abuse services and are also limited in the amount of the federal block grant that may be used for administrative operations at the state office (DAODAS). Meeting this requirement has been difficult, especially when coupled with past mandated reductions in state funding that have been borne at the state office in its administrative line.

Currently, 93% of all state funding is contracted to the local provider network, while 7% of total state funding is maintained at the state level. In order to continue to be compliant with federal requirements that states use state funding to operate state offices, and to meet the potential cost savings request of 2%, the department would have no choice but to pass 93% of the \$212,059 projected savings to its provider network, or \$197,215. DAODAS could absorb a \$14,844 reduction in state funding [Alcohol and Drug Abuse Administration (1040)] and remain in compliance with federal law. The \$197,215 potential cost savings would be pro-rated to each provider, as based on the percentage of state dollars each received. Those contractors receiving larger amounts of state funding would receive a larger share of the cost savings.

To coincide with the Governor's commitment to maintaining services in the field, providers would be instructed to take the potential reduction in their administrative operation reimbursement line of the Chemical Dependency Community-Based Treatment Services (1037). DAODAS, again, has achieved its cost savings in its administrative line over the past several years. The provider network would be instructed to reduce their administrative lines within this activity in the area of travel, technology, telephone, and general supplies.

D. Estimate of Savings:

Estimate of Savings:	General	Federal	Supplemental	Capital Reserve	Other	Total
Personnel:						
(a) Number of FTEs	0	0	0	0	0	0.00
(b) Personal Service	0		0	0	0	\$ 0
(c) Employer Contributions	0		0	0	0	\$ 0

Program/Case Services	\$197,215	0	0	0	0	\$197,215
Pass-Through Funds	0	0	0	0	0	\$ 0
Other Operating Expenses	\$14,844	0	0	0	0	\$14,844
Total	\$212,059	\$ 0	\$ 0	\$ 0	\$ 0	\$212,059

E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):

The two activities impacted include Alcohol and Drug Abuse Administration (1040) and Chemical Dependency Community-Based Treatment Services (1037). DAODAS could absorb a \$14,844 reduction in state funding [Alcohol and Drug Abuse Administration (1040)] and remain in compliance with federal law, although it would have to reduce its operating (travel, telephone, and supply lines). Again, providers would be instructed to reduce their administrative lines in the area of travel, technology, telephone, and general supplies. There is no estimated direct impact on client services. Customer impact (provider network) impact would be minimal.

F.

Summary of Priority Assessment of Activities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
Activity Number & Name: Alcohol and Drug Abuse Administration (1040)	\$14,844	0	0	0	0	\$14,844	0
Activity Number & Name: Chemical Dependency Community-Based Treatment Services (1037) Administration	\$197,215	0	0	0	0	\$197,215	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0

Summary of Priority Assessment of Activities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
TOTAL OF LOWEST PRIORITIES	\$212,059	\$ 0	\$ 0	\$ 0	\$ 0	\$212,059	0.00